



Department of Justice

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NORWEGIAN SHIPPING CO. AND TWO EXECUTIVES AGREE TO PLEAD GUILTY IN INTERNATIONAL PARCEL TANKER SHIPPING INVESTIGATION

*Company Agrees to Pay \$42.5 Million Fine,
Executives Agree to Serve Jail Time*

WASHINGTON, D.C.— Norwegian-based Odfjell Seachem AS, one of the largest parcel tanker shippers in the world, and two of its executives were charged today with participating in an international cartel to allocate customers, rig bids and fix prices on parcel tanker affreightment contracts for the shipment of specialty liquids to and from the United States and elsewhere, the Department of Justice announced.

The company, Odfjell Seachem AS and its executives, Bjorn Sjaastad, Chief Executive Officer of its parent, Odfjell ASA, and Erik Nilsen, Vice President, were charged separately today in U.S. District Court in Philadelphia. The company and both executives, who are citizens of Norway, have agreed to plead guilty and cooperate with the ongoing investigation. Additionally, Odfjell Seachem, with its principal place of business in Bergen, Norway, has agreed to pay a \$42.5 million fine for its role in the cartel. Sjaastad has agreed to pay a \$250,000 fine and to serve four months in prison and Nilsen has agreed to pay a fine of \$25,000 and to serve three months in prison for their roles in the cartel. The charges, fines and jail time are subject to court approval.

“The charges filed today demonstrate the Justice Department’s resolve to detect and prosecute companies and individuals involved in international cartels that harm American

businesses and consumers,” said R. Hewitt Pate, Assistant Attorney General in charge of the Department’s Antitrust Division.

Parcel tanker shipping is the ocean transportation of bulk chemicals, edible oils, acids and other specialty liquids. Parcel tankers are deep sea vessels equipped with compartments designed to carry shipments of various sizes. The temperature and other specifications of the compartments can be regulated according to the specific requirements of the type of liquid being transported. A contract of affreightment is a contract between a customer and a parcel tanker shipping company for the transportation of bulk liquids from one port to another. A contract of affreightment typically covers multiple shipments during a certain time period and specifies the price, cargo destinations and other terms and conditions.

According to the charges, between August 1998 and November 2002, Odfjell Seachem, Sjaastad and Nilsen participated in a conspiracy with their co-conspirators which was carried out by:

- attending meetings and engaging in discussions in the U.S. and elsewhere concerning customers for and prices of contracts of affreightment for parcel tanker shipping of products to and from the U.S. and elsewhere;
- agreeing during those meetings and discussions to allocate customers and to create and exchange customer lists in order to implement and monitor this agreement;\
- agreeing during those meetings and discussions not to compete for one another’s customers either by not submitting prices or bids to certain customers, or by submitting intentionally high prices or bids to certain customers; and
- discussing and exchanging prices to certain customers so as to not undercut one another’s prices.

As a result, the Department said that consumers in the market for international parcel tanker shipping services paid non-competitive and higher prices for parcel tanker shipping.

“The charges and the agreed-upon sentences should send a strong deterrent message to those who participate in international cartels that target American businesses and consumers,” said James M. Griffin, Deputy Assistant Attorney General in charge of the Antitrust Division’s Criminal Enforcement Program.

These cases are a continuation of the Department’s ongoing criminal investigation into anticompetitive practices in the parcel tanker shipping industry.

On June 24, 2003, Richard B. Wingfield, former Managing Director, Tanker Trading, for Stolt-Nielsen Transportation Group Ltd., was charged in a one-count criminal complaint with participating in the parcel tanker shipping conspiracy.

Odfjell Seachem, Sjaastad and Nilsen are charged with violating Section One of the Sherman Act, which carries a statutory maximum penalty of a \$10 million fine for a corporation and a maximum penalty of three years imprisonment and a \$350,000 fine for an individual. The maximum fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine.

Today’s charges are the result of an ongoing investigation being conducted by the Antitrust Division’s Philadelphia Field Office and the Federal Bureau of Investigation in Philadelphia. Anyone with further information about anticompetitive conduct in the parcel tanker shipping industry should contact the Philadelphia Field Office at (215) 597-7405.

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